



Blue Dog Coalition

Energy Principles
110th Congress

Energy independence is a matter of national security and economic security. The Blue Dog Coalition believes in policies that increase U.S. energy security and reduce our dependence on foreign sources of energy because America's continued prosperity depends on the availability of reliable, affordable energy.

Climate change issues must be addressed, and many of the options that address this challenge are consistent with efforts to increase energy self-sufficiency. Blue Dogs support the promotion of a forward-looking, market-based, comprehensive national energy strategy.

Our nation is blessed with a diverse energy portfolio of traditional fossil fuels and viable renewable energy sources. Increasing domestic energy supplies and enhancing our energy infrastructure are the critical components of a balanced national energy strategy. The Coalition is committed to a policy of increased energy production and the environmentally sound use of all energy sources.

Congress should also support policies that encourage research and development in new energy technologies that promote the greatest level of conservation at home, in business, and in industry. Reducing national energy intensity through energy efficient applications can save consumers and business billions in extra energy costs while also reducing polluting emissions. The Blue Dog energy principles will strengthen our energy security, diversify our energy mix, provide Americans with reliable and affordable energy sources, and support a long term solution to climate change concerns.

1. ENERGY "PAYGO"

- ***Blue Dogs believe that energy policy should not result in a net loss of domestic energy.***

Our country's current level of dependence on foreign supplies of energy is a threat to our national security and our economic competitive viability. When you find yourself in a hole, the first step is to stop digging. According to the U.S. Energy Information Administration (EIA), the United States imported 36% of domestically-consumed crude oil and petroleum products, and

4.3 % of our natural gas supply in 1973. In 2005, we imported 66% of our crude oil and 16% of our natural gas from foreign sources. Moreover, EIA projections indicate that the U.S. will consume 21% more oil and 19% more natural gas in 2030.

The Blue Dog Coalition believes that U.S. energy policy should not reduce already existing access to domestic energy resources, should not reduce already existing domestic energy infrastructure, and should not reduce already existing incentives for domestic energy production unless there is a corresponding policy initiative to replace lost capabilities.

Traditional energy sources such as oil, coal, natural gas, and nuclear power are key components of our national energy portfolio, and renewable energy is increasingly part of the mix. In the long run, alternative fuels will provide a significant contribution to our country's energy profile. Until that takes place, a reliable supply of conventional fuels will be important for our economy, and policies should be directed toward maintaining domestic conventional energy capabilities.

2. CLIMATE CHANGE

- ***Broad scientific consensus indicates that climate change is underway. Climate change caused by human activity should be addressed both by the United States and by other nations.***
- ***Climate change has developed over a significant period of time. Blue Dogs believe that a methodical, long term solution is the best approach to solving the problem. Blue Dogs also believe that climate change solutions shouldn't export jobs overseas.***

Almost all scientists agree that the Earth's climate is changing, having increased by 1.1 to 1.6° Fahrenheit since the Industrial Revolution. The Earth's global average temperature is now approaching, or possibly has passed, the warmest experienced since human civilizations began to flourish about 12,000 years ago. Over the past 150 years, measured carbon dioxide concentrations have risen by more than one-third. The question is not whether greenhouse gases will result in climate change, but rather, the magnitude, speed, geographic details, and likelihood of impacts stemming from the trend.

The Blue Dog Coalition believes that the U.S. should address climate change by developing predictable long term policies that do not disproportionately affect one industry or sector. Blue Dogs believe that climate change can be addressed without exporting American jobs overseas if policy is enacted in a deliberate manner. A robust research and development effort must take place to provide the various technological advances that will be needed to achieve meaningful carbon dioxide reductions in a viable manner. Climate change reduction efforts must also be undertaken by other nations, particularly those with high levels of carbon emissions.

3. FUEL DIVERSITY

- *A secure and diverse energy supply is critical to our future success as a nation. Blue Dogs support policies that encourage fuel diversity, add to existing power generation capacity, and decrease our reliance on foreign sources of energy.*
- *Long term U.S. energy independence will come from conservation, energy efficiency, and domestic energy sources such as renewable energy sources, biofuels, cellulosic ethanol, alternative energy, and other sources of domestic energy.*

Biofuels: Biofuels have grown significantly in the past few years as a component of U.S. motor fuel supply. Ethanol is currently blended in nearly half of all U.S. gasoline, but the current biofuel supply represents less than 4% of total gasoline demand. Blue Dogs support increased federal investment in basic biofuels research in order to develop new feedstocks for cellulosic ethanol production, improve ethanol and biodiesel production efficiency, and foster new vehicle efficiency technologies.

Coal: The Blue Dog Coalition believes improving coal-fired power plants is important and should include regulatory reform that enables pollution reduction from existing plants. Additional R&D into new technologies such as carbon sequestration and improving the emissions output from coal-derived fuels is also needed.

Geothermal: The U.S. currently produces 2,800 megawatts (MW) of geothermal electrical generating capacity, which is a renewable source of continuously dispatchable base load power that is connected to the nation's power grid. U.S. Geological Survey estimates indicate that between 95,000 MW and 127,000 MW of additional resources sufficient for electrical power generation may be available. Blue Dogs support the continued development of geothermal energy.

Hydroelectric: Hydropower generates between 10 and 12 percent of U.S. electrical generation, or enough power to provide electricity to 33 million consumers. We believe that it is important to streamline duplicative regulations and intra-agency actions that unnecessarily complicate the licensing process.

Nuclear: As a reliable, low-cost producer of large quantities of base load power, nuclear energy has the potential to figure prominently in the nation's energy security by providing emissions-free electricity. Blue Dogs believe Congress must act to address the environmentally safe disposal of byproducts of nuclear power and continue to streamline the licensing process so that safety and siting-related issues are resolved before capital is invested.

Oil and Gas: The recent volatility of energy markets presents a threat to our economic well being and our national security. While domestic refiners continue to bring new capacity on line, the supply of refined petroleum is not meeting the demands of the economy. Our heavy reliance on foreign energy sources contributes to our international balance of payments problems and distorts our foreign policy by encouraging energy development in unstable regions of the world. Encouraging domestic exploration and production of petroleum is a responsible component of a national energy policy. The Blue Dogs recognize the capital-intensive nature of the oil and gas sector and will seek to encourage industry investment in new and existing sources and

technologies. As federal policy directs the diversification of our national energy portfolio, the Coalition also recognizes that oil and gas will remain a vital component of the mix for the foreseeable future.

Renewable Energy: Renewable energy is the key to long term energy security. Although non-hydro renewable only account for 2 percent of total electricity generation, the future of utilizing wind, solar, biomass, geothermal and fuel cell technologies is bright. Long-term costs continue to fall as more efficient techniques are employed. To help these technologies make the leap from R&D to market viability, the federal government must make substantial investments in sustainable energy. Congress should also extend the wind energy production tax credit in order to provide greater long term market certainty.

4. CONSISTENT AND TRANSPARENT FEDERAL POLICY

- *Predictable long term policy helps the market and keeps energy prices stable for consumers. Blue Dogs believe that Congress should take a long term view of energy policy.*
- *Regulatory reform can help businesses become more efficient and can improve consumers' access to affordable energy.*

The Blue Dog Coalition believes there is value to a consistent, transparent policy environment. When policy changes are put in place, they should be given adequate time to demonstrate their effectiveness. In that context, we believe that the Energy Policy Act of 2005, although not perfect legislation, should be given a chance to be implemented in the marketplace before significant legislative changes to it are considered by the Congress. Addressing our energy problems also requires a substantial commitment to improving the energy infrastructure within the United States.

Regulations affecting the energy sector have evolved over decades, with many redundancies and inefficiencies built into our current regulatory environment. Blue Dogs support a full-scale review of the entire basket of energy regulatory policies in this country, with an eye toward reforming these regulations into a transparent, consistent set of rules that will work with greater efficiency.

5. AFFORDABLE ENERGY

- *Rate stability and affordable energy prices are key Blue Dog priorities. We also support equitable tax policies that encourage production and energy efficiency.*
- *Reducing access to responsible energy exploration costs consumers and high energy prices disproportionately affect poorer consumers, both in urban and rural areas. Without domestic production or with heavily curtailed production, energy prices cannot stay affordable for all Americans.*

During the past three decades, the United States' use of energy has increased dramatically, as has our dependence on foreign sources of energy. According to the EIA, world daily oil consumption is projected to grow by 1.4 million bbls in 2007 and by 1.6 million bbls in 2008. In addition, EIA projects a steady increase in natural gas and electric use in the United States, which will create upward pressures on prices. Rate stability and access to affordable energy sources are key priorities of the Blue Dog Coalition.

Weatherization assistance is one of the most cost effective ways to save energy immediately, especially in low-income housing – which tends to be energy inefficient. The Coalition supports additional funding for state and federal weatherization programs, which often offer other information to consumers on how they can save energy other than through weatherization.

6. ELECTRICITY

- ***Blue Dogs support policies that encourage investment in transmission infrastructure, distributed generation, and a more efficient electricity grid.***

The blackout of 2003 in the Northeast, Midwest, and Canada highlighted the need for infrastructure improvements and standard operating rules. Although Congress has taken steps in recent years to encourage competition in the power generation sector, investment in transmission infrastructure has not kept up with increases in electricity demand, regional congestion, and difficulty in siting new transmission lines.

Regardless of the source, delivery of electricity depends on the transmission infrastructure and Blue Dogs strongly support efforts to improve the system. Electric grid power reliability is a key issue of concern. Blue Dogs support distributed generation, the development of demand response technologies, and components of the Smart Grid as means to shore up our nation's power supply.

7. TECHNOLOGY DEVELOPMENT

- ***Energy policy should build on American strengths: innovation and independence. Research and development investments are critical for long term energy security.***
- ***Blue Dogs recognize that key technologies central to solving climate change are not yet commercially viable and should be a priority of our research efforts.***

In order to meet our future energy needs in an environmentally responsible manner, Blue Dogs believe we must commit to a significant federal investment in energy R&D. Promoting the development of cleaner, environmentally sensitive technologies will expand the resource base and lead to more efficient uses of hydrocarbons, coal, renewables and other energy sources.

Blue Dogs believe that through the robust backing of federal R&D programs, we can extend domestic energy sources and encourage the efficient exploration and production of energy supplies. Cutting-edge technology and research is also needed in areas such as plug-in hybrid battery technology and hydrogen fuel cells in order to reduce the cost of these, and other, key technologies.

The Department of Energy's national laboratories have served as the incubator for development of many of the renewable energy technologies that we are beginning to see in commercial use today. Congress should support additional research missions for the national labs.

8. ENERGY EFFICIENCY

- *Energy efficient technologies and energy conservation are among the most important ways for the U.S. to reduce its energy consumption, benefiting both consumers and producers of energy.*
- *Blue Dogs support the furtherance of energy efficient technologies including green buildings, energy saving appliances, advanced lighting technology, and better fuel economy standards.*

Blue Dogs support the promotion of energy efficient light bulbs, high-efficiency vehicles, advanced batteries, home appliances, and energy storage. The Coalition believes the federal government should lead the way by moving toward green buildings and energy efficient programs for all federal buildings as soon as possible. Private sector energy efficiency improvements to new and existing buildings—both residential and commercial—should also be encouraged. Fuel economy standards for automobiles and small engines should also result in energy savings.

We also support improving energy efficiency assistance to state and local governments and believe that state utility regulatory commissions should adopt federal standards to promote energy efficiency. The Department of Energy's successful Energy Star program should also be expanded. Finally, Blue Dogs support tax incentives for consumers and businesses that are early adopters of energy efficient technologies.

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